

UCRP and UC-PERS Plus 5 Plan July 1, 2007 Valuations

Board of Regents

November 14, 2007

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Highlights of 2007 Actuarial Valuations

- **Key UCRP Valuation Results**
- **UCRP Demographics**
- **UCRP Investment Rates of Return**
- **UCRP Issues for 2007/08**
 - **UCRP Revised Assumptions**
 - **Completed LANL Transfer of Assets and Liabilities**
 - **Upcoming LLNL Transfer of Assets and Liabilities**
 - **UCRP Resumption of Contributions**
- **UC-PERS Plus 5 Plan Valuation Results**

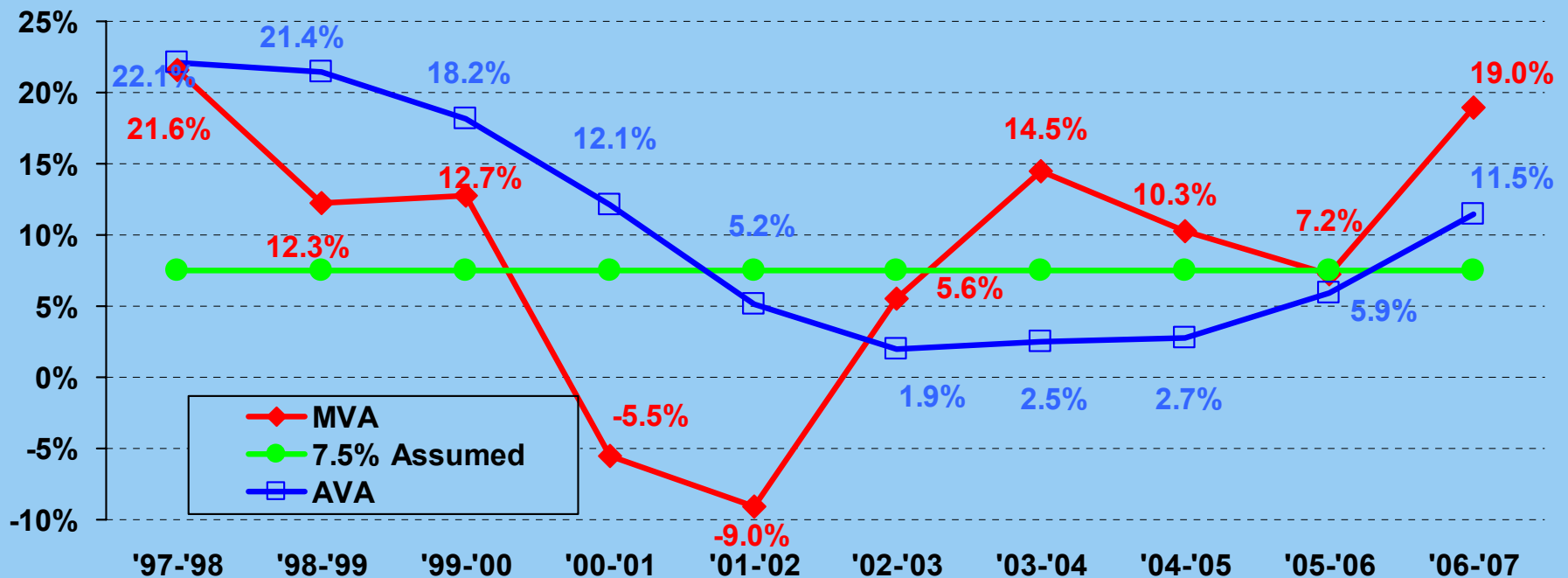
UCRP Valuation Results (\$ in billions)

	<u>July 1, 2007</u>	<u>July 1, 2006</u>
Expected Contributions	\$0.0	\$0.0
Actuarial Value of Assets (AVA)	\$43.4	\$42.0
Actuarial Accrued Liability (AAL)	\$41.4	\$40.3
Surplus (AVA less AAL)	\$2.0	\$1.7
Market Value of Assets (MVA)	\$48.1	\$43.4
Funded Percentage		
-- AVA divided by AAL	105%	104%
Normal Cost (beginning of year)	\$1.3	\$1.3
Normal Cost (percent of compensation)	16.76%	15.81%

UCRP Change in Surplus (AVA less AAL)

	<u>(in \$ billions)</u>
July 1, 2006 Surplus (AVA - AAL)	\$1.67
-- Expected Increase / (Decrease)	(1.25)
-- Asset Gain / (Loss)	1.61
-- Changes in Assumptions Increase	0.53
-- Liability Gain / (Loss)	<u>(0.56)</u>
July 1, 2007 Surplus (AVA - AAL)	\$2.00

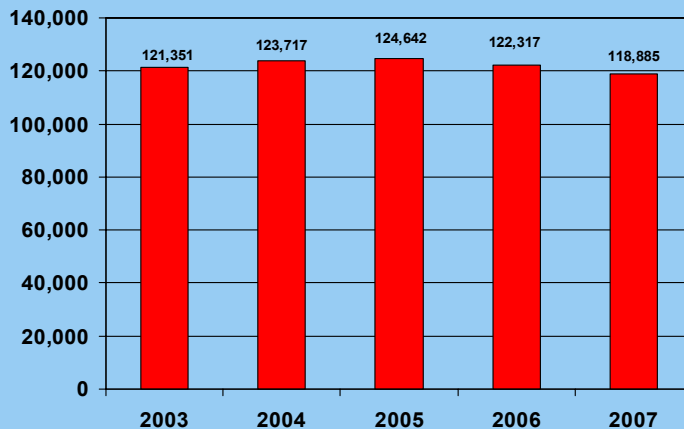
UCRP Investment Rates of Return



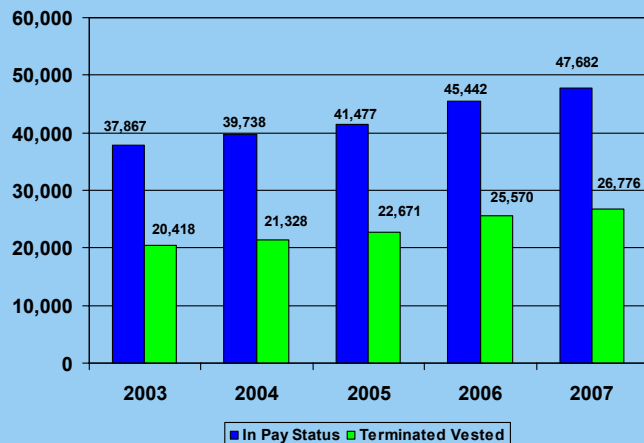
AVA recognizes each MVA return above or below the assumed rate (7.5%) over five years

UCRP Demographics

Active Members



Non-Active Members



	<u>2007</u>	<u>2006</u>
Active Count	118,885	122,317
• Average Age	44.3	44.2
• Average Service	9.2	9.3

	<u>2007</u>	<u>2006</u>
Members in Pay Status Count	47,682	45,442
• Average Age	69.2	69.0
• Average Annual Benefit	\$29,837	\$28,581

	<u>2007</u>	<u>2006</u>
Terminated Vested Members	26,776	25,570

2007 UCRP Actuarial Valuation

- **2007 UCRP valuation reflects:**
 - **Several revised actuarial assumptions from the Actuarial Experience Study**
 - **Transfer of assets and liabilities to LANS for employees who transferred to LANS DB plan**

Livermore (LLNL/LLNS) Transfer

- **Valuation includes assets and liabilities for employees transferring to LLNS DB plan**
 - **LLNL employees as of July 1, 2007 are valued as active members using the same actuarial assumptions that apply to all UCRP active members**
- **Amount of asset transfer subject to discussions with DOE and regulatory approval**
- **Will require faculty consultation and Regents' approval**
- **Similar to transfer for Los Alamos (LANL)**

UCRP Resumption of Contributions

- **Current UCRP surplus is \$2.0 Billion on AVA basis**
- **UCRP Normal Cost of \$1.3 Billion is currently being funded from surplus**
- **UCRP funded ratio expected to fall below 100% without contributions even if the fund earns the assumed rate of 7.5%**

UCRP Funding Policy

- **Summary of March 2006 Regents' Action**
 - Targeted long term funding status of 100% with range of 95% to 110%
 - Multi-year contribution strategy increasing gradually to approximately 16% of payroll
 - UCRP resumption of contributions subject to:
 - Available funding
 - Completion of the budget process
 - Collective bargaining requirements, as applicable

UCRP Funding Policy

➤ Open Issues

- **Defining UCRP actuarial valuation conditions for restarting contributions by the University and employees**
- **Member contribution rates (subject to collective bargaining, as applicable)**
- **The amortization period chosen to amortize any current surplus or future unfunded liability**
- **The effective date of new UCRP funding policy**

Highlights of 2007 UC-PERS Plus 5 Plan Valuation

- **Funded percentage increased from 177% to 203%**
- **Assets of \$86 million exceed liability of \$42 million by \$44 million**
- **Retirees/beneficiaries decreased from 773 to 758**
- **Expect no future contributions will be required**
- **UC-PERS Plus 5 Plan currently does not provide an annual COLA similar to UCRP**
- **Another item will discuss providing an ad hoc COLA and a permanent annual COLA on the same basis as UCRP**